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TAGS: [PGOV](#) [PREL](#) [MX](#)
SUBJECT: NEW LEGISLATIVE SESSION TO BE LONG ON RHETORIC, SHORT ON
PROGRESS

CLASSIFIED BY: Gustavo Delgado, Political Minister Counselor; REASON:
1.4(B), (D)

11. (C) Summary. Parties are geared up for the new legislative session, which appears unlikely to result in the passage of major reforms. Political reform, security, and economic issues are all on the table, and progress will be incremental and compromised as key players focus more on the upcoming local and state elections than legislative matters. Mexican political parties remain reluctant to put aside ballot box concerns to achieve the difficult and profound reforms needed to meet Mexico's overarching challenges. End Summary.

Not Playing Nice

12. (C) Parties are geared up for the new legislative session, which opened on February 1, which Revolutionary Institutional Party (PRI) contacts say is unlikely to bear significant fruits of reform. The party is not looking to significantly alter its strategy of engaging with the Calderon government on popular initiatives while still looking to score public relations points by wrangling over less publicly accepted policies, such as price increases on food and fuel. The series of state and local elections this year, including twelve governorships, have complicated the legislative atmosphere. PRI insiders tell Poloffs that the National Action Party (PAN) and the Revolutionary Democratic Party's (PRD) tenuous agreement to form alliances in at least four heavily PRI states, including Puebla, Oaxaca, Durango, and Hidalgo, have rankled the party. Silvio Lagos, a PRI deputy from Veracruz, where the governorship is also up for grabs this summer, told Poloffs the party will look to punish the PAN for entering into the ideologically "unnatural" alliances by depriving it of legislative successes this session. Carlos Casillas, a PRI insider and director of the Chamber of Deputies' Center for Social and Public Opinion Research, gave Poloffs a slightly more nuanced perspective and said the PRI will stall on passing any important legislation until after the bulk of the candidate selection processes - which will formalize any party alliances - close in April, and will hone its congressional strategy according to the outcome. Alliances or not, Casillas does not expect major advances until after the twelve contests for governor on July 4. PRD contacts, meanwhile, have told Poloff that PRD legislators will use its minority alliance with the Workers' Party (PT) and Convergencia

in the Senate and Chamber as a spoiler for legislation presented by PRI, looking for ways to gain points and pick up leftist voters in the upcoming elections.

PRI Fractious

13. (C) In addition to clear divides between competing congressional blocs, the PRI hardly seems coordinated on what its specific agenda items will be in both chambers. Such inconsistencies are in part due to the greater hold governors tend to have over deputies than senators. The PRI Chamber bloc will likely be more vociferous in its opposition to the PAN and less likely to compromise on controversial issues in the run-up to the elections than its Senate counterpart. For example, the powerful leader of the PRI Senate bloc, Manlio Fabio Beltrones, has publicly suggested a fiscal reform bill that would include a lower rate on the value added tax but broaden its applicability to a greater number of goods. In answer, the leader of the Chamber's PRI caucus, Francisco Rojas, said that Beltrones' proposal was personal and did not reflect the party's position. He noted that the PRI's party bylaws prevent it from supporting the application of the tax to food and medicine. For their part, PRD contacts have been unable to articulate to Poloff a coherent legislative strategy, mostly because it can hardly tear its eyes from election

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preparation issues to focus on other issues.

Potential Agenda Items and Prospects

14. (SBU) Budget negotiations and wrangling over committee assignments consumed the last congressional session, leaving little time for substantive debate over other issues. This session, conversely, will likely feature a great deal of debate, but again, with less real progress. Agenda items will include a broad swath of political, security, and fiscal proposals.

Political Reform the Headliner

15. (C) Political reform has been a top news story as the Senate opened a forum last week for discussion on the issue. Calderon proposed in December a ten point plan billed as steps forward in Mexico's democratic development, which includes such measures as the reelection of federal deputies and local officials, a reduction in the size of Congress, allowing the executive branch to present two priority initiatives at the start of session that would require action by the end of session or automatically become law, and giving the President the right to present comments on laws and the budget passed by Congress (ref a). Political reform had been described by contacts of all three major parties as a potential area for advancement, but the tenor of the debate has markedly changed since the presentation of Calderon's proposal.

16. (C) While several of the items have long been discussed in political circles and have even been previously proposed to Congress by various parties, the President's proposal has not

received much support from PRI and PRD rivals. Some of the PRI's public opposition is probably geared toward electioneering, and all of Calderon's initiatives are not anathema to the party. Nevertheless, Carlos Casillas noted that the PRI's primary objectives for any reform package include securing the "Chief of Cabinet" position, strengthening Congress at the cost of the executive, and preserving the power of PRI governors. Casillas said that many PRI leaders, PRI President Beatriz Paredes and Beltrones included, see themselves as Chief of Cabinet - a sort of hyper-vice presidential position - in the possible future administration of Mexico State Governor Enrique Pena Nieto. He said that the PRI is cool to reelection of mayors, since the reform is viewed by the party as a way to weaken the authority of governors. Local press reports indicate Beltrones will present a PRI counterproposal to the Senate in the coming weeks that may include constitutional changes to mandate legislative ratification of all cabinet posts and allow for Congress to ask for cabinet members to resign. It may not include Calderon's proposed independent candidacies. Fundamentally, the PRI will be reluctant to back any measures that chip at its powerbase, currently including Congress, governors, and the strength of its own party machinery (such as allowing for independent candidates to participate in elections). Other proposals, such as increasing the minimum vote requirement from two to four percent for party registration, strike at smaller parties and thus will find hostile reception from the PRD, which relies on smaller partners like PT and Convergencia to build electoral coalitions. Congress will certainly debate the proposals, but progress may be less fundamental and more focused on issues like changing congressional procedures to increase legislative efficiency and the PRI's proposal to bring back the President's personal delivery of the state of the union address.

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Security Issues Have More, but Still Limited, Potential

17. (C) There may be hope for advancement on some security issues, although major outstanding reforms may outlast this session. PAN Senator Felipe Gonzalez Gonzalez, president of the Public Security Committee, told Poloffs that the PAN's security agenda will include discussion of the federal anti-kidnapping laws, as well as criminal procedural codes necessary for implementing federal judicial reform. Also on the agenda are reforms of the National Security Act submitted by Calderon in April 2009 that would regulate the role of the military in the counternarcotics fight and broaden the President's authority by allowing him to declare a threat to domestic security and deploy the military accordingly (ref b). Both PAN and PRI contacts told Poloffs that some progress could be made on the criminal procedural codes. However, USAID contractors working on the reform have suggested that prospects for their successful passage this session seem dim unless the Senate revives previously presented legislation or the Chamber produces an entirely new bill. The reorganization of municipal police into 31 state-run entities (ref c) will also be on the table, and Casillas noted there is support amongst the PRI for the measure. Gonzalez demurred, however, when asked about PAN support, and said it is a complicated issue both legally and politically. The National Security Act reform as proposed by Calderon likely is dead in the water, as the PRI and PRD are highly unlikely to back an expansion of executive authority.

Major Economic Successes Unlikely

18. (C) On economic issues, the GOM has said that fiscal reform is not among its top priorities this session, and contacts from the

Finance Secretariat told Econoffs that it would only consider a serious, holistic package, which does not appear to be in the hopper. Finance Secretary Ernesto Cordero, during a recent trip to the United States, said that political reform, PEMEX's new contracts, and telecommunications spectrum auctions were top GOM priorities. Other Finance Ministry officials have said that the recently approved tax reform was enough to generate resources for the next few years. Some tax rate changes are possible since sectors from the PAN and PRI have both mentioned a decrease in the value-added tax, and parties may try to use taxation to undercut each other in the run-up to the July vote. The PRI Chamber bloc has publicly said that its fiscal efforts will be geared toward ensuring greater transparency and accounting of federal government spending. It will also work for more rapid and thorough audits of GOM expenditures over the past several years. Additionally, the PRI has said it will seek the decentralization of social spending, a familiar refrain as the party looks to boost the power of its 19 governors and one the PAN will not back.

Comment

19. (C) Congress, which the Mexican public already ranks as one of the least respected institutions in the country, will have to advance on some issues in order to have something to show for three months of work. Nevertheless, this session is likely to feature

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more talk than progress as parties concentrate on campaign and electoral intrigue. Mexican political parties are congenitally focused on the next electoral cycle and are reluctant to put aside ballot box concerns to achieve the kinds of difficult and profound reforms needed to press forward with Mexico's democratic, economic, and security development.

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